

BUSINESS PERSONAL PROPERTY POLICY

AGREEMENT

We will provide the insurance described in this policy in return for the premium and **your** compliance with

all provisions of this policy including endorsements.

DEFINITIONS

Words in bold print are defined herein.

1. In this policy **you** and **your** refer to the named insured shown on the Declarations Page. **We**, **us** and **our** refer to the Company providing this insurance.
2. **Tenant's improvements and betterments** means additions and alterations to buildings installed at **your** expense during **your** tenancy.
3. **Accident** means an undesigned, unexpected

and rapidly occurring event.

4. **Volcanic action** means lava flow, airborne shock waves, ash, dust or other particulate matter caused by or resulting from volcanic eruption.
 5. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
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LIMIT OF INSURANCE

Regardless of the number of persons insured under this policy, the most we will pay for any one loss is

the applicable limit of insurance shown on the Declarations Page.

PROPERTY COVERED

We cover **your** business personal property, business personal property of others in **your** care, custody or control and for which **you** are legally liable and **tenant's improvements and betterments** while:

1. situated at a location described on the Declarations Page or within five hundred (500) feet of that location;

2. situated at any location, but not while in transit, in the continental United States of America and Canada which is not shown on the Declarations Page but excluding property which will be installed by you on behalf of others;
 3. in transit anywhere in the continental United States of America and Canada.
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PROPERTY SUBJECT TO SPECIAL LIMITS

We will not pay more than the applicable limit of insurance shown on the Declarations Page for

money, travelers checks or money orders.

LOSSES COVERED

Subject to the terms, conditions and limitations of this policy, **we** insure **you** against financial loss

resulting from direct physical loss of or damage to covered property caused by an **accident**.

ADDITIONAL COVERAGES

When an **accident** causes direct physical loss of or damage to property at a location described on the Declarations Page, **we** provide the limits of insurance shown on the Declarations Page as additional amounts of coverage. The limit of insurance shown on the Declarations Page for each category below is the total limit for each covered loss as a result of any one **accident** for all property in that category. The coverages provided are subject to all other conditions of this policy:

1. buildings including building glass for which **you** are liable as a lessee;

2. the extra expenses necessary to continue **your** business operations;
3. **your** net business income loss which results from an interruption of **your** business operations;
4. **your** leasehold interest loss if **you** are a tenant in the damaged building and **your** lease is cancelled by the landlord according to the terms of that lease which permit cancellation because of a certain degree of damage or destruction to or of that building.

DEDUCTIBLE

Subject to the applicable limit of insurance, **we** will pay no more than the amount by which any loss exceeds the deductible amount shown on the

Declarations Page. This provision applies to each separately occurring loss.

BASIS OF LOSS PAYMENT

1. Your Business Personal Property and Tenant's Improvements and Betterments

- a. If not repaired or replaced, we will not pay more than the actual cash value of the property lost or damaged not to exceed the amount required to repair or replace with property of like kind, quality and use;
- b. if repaired or replaced, **we** will pay the amount actually and necessarily spent to repair or replace with property of like kind, quality and use.

You may first make claim for the loss of actual cash value, and within one (1) year from the payment of that loss, make claim for the additional amount payable by reason of b. above.

2. Accounts Receivable

We will pay for:

- a. all sums due **you** from customers which become uncollectible because of loss of or damage to records of accounts receivable; and
- b. interest paid on any loan necessary to offset impaired collections until repayment of such uncollectible sums; and
- c. necessary additional collection expenses.

3. Business Personal Property of Others

We will pay the amount for which **you** are legally liable.

4. Leasehold Interest

We will pay the fair market value of **your** lease for the unexpired term remaining on that lease from the date of cancellation of the lease.

5. Extra Expense

We will pay the sums necessarily spent to continue operations at the same level of service immediately preceding the direct physical loss of or damage to covered property which are in excess of sums spent to operate **your** business before the interruption of **your** business operations. Covered loss shall be limited by the time necessary to repair or replace the damaged covered property at the same location plus one hundred eighty (180) days.

6. Business Income

We will pay **your** net loss of business income actually and necessarily incurred because of the interruption of **your** business operations including extra expenses necessary to prevent or reduce such loss of business income resulting from direct physical loss of or damage to covered property. Covered loss shall be limited by the time necessary to repair or replace the damaged covered property at the same location plus one hundred eighty (180) days.

Subject to the limit of insurance, **we** will pay for increases in covered loss made necessary by reason of any ordinance or law regulating the use, construction, repair or demolition of covered property; except any ordinance or law in effect prior to the covered loss that required **your** compliance even if the property were undamaged is limited to \$2,500.

PROPERTY NOT COVERED

We do not cover:

1. motor vehicles licensed for road use;
2. watercraft;
3. aircraft;

4. fur, fur garments, jewelry, watches, precious and semi-precious stones and precious metals, including silver;

5. property **you** sold under an installment sales or other deferred payment plan after the buyer has taken possession of the property.

LOSSES NOT COVERED

1. **We** do not insure **you** against loss of or damage to covered property resulting from or caused, directly or indirectly, by any of the following. Such loss or damage is not covered regardless of any **accident** that contributes concurrently or in any sequence to such loss or damage:
 - a. earth movement including earthquake, volcanic eruption, landslide, mudflow, earth sinking, rising or shifting unless fire, explosion or **volcanic action** ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or **volcanic action**. This exclusion does not apply to business records, accounts receivable or to covered property while in transit;
 - b. flood, surface water, water below the surface of the ground or water which backs up through sewers or drains unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion. This exclusion does not apply to business records, accounts receivable or to covered property while in transit;
 - c. insects, vermin, rodents or disease unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - d. theft by **you**, **your** employee(s) or, with the exception of carriers for hire, by others to whom covered property is entrusted;
 - e. shortage disclosed on taking inventory or unexplained or mysterious disappearance of covered property, except covered property in the custody of a carrier for hire;
 - f. arcing or other electrical injury to electrical appliances, devices, fixtures or wiring unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - g. mechanical breakdown unless an otherwise covered loss ensues and then **we** will be liable only for such ensuing, covered loss to covered property other than the machine, system, device, part or component suffering mechanical breakdown. **We** will, however, pay for ensuing direct damage from fire;
 - h. pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage or migration of **pollutants** unless the release, discharge, escape, dispersal, seepage or migration is caused by or results from fire, lightning, explosion, windstorm, hail, aircraft, vehicles, riot or civil commotion, vandalism or malicious mischief, sprinkler leakage, falling objects, **volcanic action** or weight of snow, sleet or ice;
 - i. power failure unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - j. rain, snow, sleet or freezing to property in the open;
 - k. nuclear reaction or radiation, or radioactive contamination, however caused, unless fire ensues and then **we** will be liable only for the ensuing direct damage from the fire;
 - l. war and military action, meaning (1) war, including undeclared or civil war; (2) warlike action by any military force, including action in hindering or defending against an actual or expected attack by any government, sovereign or other authority using military personnel or other agents; (3) insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.
2. In addition, **we** do not insure **you** against any of the following losses, however caused:

delay, loss of use, loss of market, loss of business income or other consequential loss. This exclusion does not apply to accounts receivable and to coverage afforded in the ADDITIONAL COVERAGES section of this policy.

YOUR DUTIES FOLLOWING A LOSS

1. **You** shall at **your** expense:
 - a. give **us** written notice of any loss as soon as practicable;
 - b. file with **us** a detailed sworn statement of loss within ninety (90) days after the loss, unless this time is extended by **us** in writing, setting forth to the best of **your** knowledge and belief:
 - (1) the time and cause of loss;

- (2) **your** interest and that of all others in the property involved;
- (3) other policies of insurance that may cover the loss;
- (4) changes in title of the property during the term of this policy;
- (5) details of the damage to all covered property, an inventory of damaged covered property, the actual cash value of the damaged covered property, detailed estimates for the repair of the damage and the amount **you** claim under this policy;

- (6) the amount claimed for extra expenses, net business income, accounts receivable and leasehold interest accompanied by all exhibits necessary to support that amount;
- c. do all things and produce all documents reasonably required to establish values, loss and damage and coverage for the loss.
2. **You** shall at **our** expense submit and subscribe to examinations under oath by any person named by **us**.

REPRESENTATIONS

By accepting this policy **you** agree that:

1. the statements on the Declarations Page are accurate and complete;

2. those statements are based upon representations **you** made to **us**;
3. **we** have issued this policy in reliance upon **your** representations.

CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy shall be void if any insured, whether before or after a loss, has intentionally concealed or misrepresented any material fact or circumstance or

made false statements or engaged in fraudulent conduct relating to this insurance.

WAIVER OR CHANGE OF POLICY CONDITIONS

This policy contains all the agreements between **you** and **us** concerning this insurance. A waiver or

change of any provision of this policy must be in writing by **us** to be valid.

TIME OF LOSS

This policy applies only to losses which occur during

the policy period shown on the Declarations Page.

MANDATORY ARBITRATION

In case **we** fail to agree with **you** as to the meaning or effect of any provision of this policy or as to the amount payable for any loss covered by this policy, said disagreement shall be resolved by binding arbitration in accordance with the statutory rules and procedures of the state in which the property is located or in accordance with the Commercial Arbitration Rules of the American Arbitration

Association. Should an arbitration under the terms of this clause result in a determination in **your** favor, **we** shall reimburse **you** for expenses actually incurred by **you** with respect to the arbitration, including reasonable attorney's fees, in a sum to be determined by the arbitrator(s). The provisions of this clause are mandatory and may be enforced either by **you** or by **us**.

COMPANY'S OPTION

It shall be **our** option to take all, or any part, of the damaged property at the agreed or appraised value or to repair or replace the damaged property with other property of like kind, quality and use within a

reasonable time provided **we** give notice of **our** intention to do so within thirty (30) days after receipt of the required statement of loss.

TIME LIMITATION FOR ACTION

No suit, demand for arbitration or other action on this policy for the recovery of any claim shall be sustainable in any court or other forum unless all the

requirements of this policy shall have been complied with and unless commenced within twelve (12) months after the inception of the loss.

PROPERTY OF OTHERS

At **our** option **we** may adjust losses with the owner of the property. Any payment made by **us** shall be limited to the owner's financial interest in the lost or damaged property and shall satisfy **your** claim against **us**. If legal proceedings are taken to enforce

a claim against **you** for any such loss or damage, **we** reserve the right to conduct and control the defense on **your** behalf. No action by **us** in such regard shall increase **our** liability under this policy or increase the limits specified in this policy.

INSPECTION OF PROPERTY AND AUDIT

We may inspect covered property and examine books and records at any reasonable time.

Inspection(s) are for **our** benefit only.

OTHER INSURANCE

We will not pay a greater portion of any loss than the limit of insurance for the loss under this policy bears to the total of the limits of insurance for the loss under all policies which cover the loss or which

would cover the loss but for the existence of this policy, except insurance written specifically to cover as excess over the limits of insurance that apply in this policy.

RECOVERY FROM THIRD PARTIES

1. **You** may waive **your** rights of recovery against any party in writing before an **accident**.
2. Within ninety (90) days after an **accident**, **you** may waive **your** rights of recovery against any party who at the time of the **accident** is:
 - a. shown on the Declarations Page;
 - b. **your** tenant;

- c. owned or controlled by **you** or owns or controls **you**.

Subject to the above **we** may require an assignment of **your** rights of recovery against any party for loss to the extent that payment for that loss is made by **us**.

SALVAGE AND RECOVERY

Any recovery from third parties or salvage recovery on a loss will accrue entirely to **our** benefit until the sum paid by **us** has been made up. But **we** will be

entitled to any other recovery only after **you** have been fully compensated for the full value of the property lost.

WHEN LOSS IS PAYABLE

The amount for which **we** are liable will be payable within thirty (30) days after the required statement of

loss is received and agreed to in writing by **us** or an arbitration award is received by **us**.

CANCELLATION AND NON-RENEWAL

1. **You** may cancel this policy at any time by returning it to **us** or by notifying **us** in writing of the date cancellation is to take effect.
2. **We** may:
 - a. cancel this policy for non-payment of premium by giving **you** fifteen (15) days of written notice; or
 - b. non-renew this policy for a any reason by giving **you** at least sixty (60) days, but not more than one hundred twenty (120) days, written notice to be effective at the next anniversary or the expiration date of the policy whichever is first.

We will also mail such notice of cancellation or non-renewal to each mortgagee or other person or entity shown on this policy to have an insurable interest in the covered property.

We will state the reason for cancellation or non-renewal on the written notice.

3. **We** are not required to send notice of non-renewal if:
 - a. the policy has been extended for ninety (90) days or less provided that written notice of non-renewal has been given at least sixty (60) days, but not more than one hundred twenty (120) days, before the expiration date of the policy after it was extended;
 - b. **you** have obtained replacement coverage or if **you** have agreed in writing within sixty (60) days of the expiration date of this policy to obtain replacement coverage;
 - c. the policy is for a period of sixty (60) days or less and **you** are notified at the time of issuance of the policy that it will not be

renewed;

- d. **you** request a change in terms, conditions or coverage within sixty (60) days of the expiration date of the policy;

- e. **we** have made **you** a written offer to renew the policy under changed terms or conditions or at an increase in premium in excess of twenty five (25) per cent. Such offer must be made at least sixty (60) days, but not more than one hundred twenty (120) days, before the expiration date of the policy.

Any premium due **you** will be refunded within a reasonable time after the cancellation takes effect.

MORTGAGEE INTEREST AND OBLIGATIONS

Loss shall be payable to a mortgagee named on the Declarations Page subject to its mortgage interest in the covered property. As to that mortgage interest, this insurance shall not be affected by any:

1. act or neglect of the mortgagor or owner of the covered property;
2. foreclosure or other proceeding or notice of sale relating to the covered property;
3. change in title or ownership of the covered property;

provided that, in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee shall, on demand, pay that premium.

If **you** fail to render a statement of loss, a named mortgagee, upon notice, shall render a statement of loss within sixty (60) days thereafter and shall be subject to all of the provisions of this policy.

If **we** cancel this policy any named mortgagee shall be notified in accordance with the cancellation provisions of this policy.

To the extent of any payment for loss under this policy which **we** make to any mortgagee and for which **we** claim **we** are not liable to the mortgagor or owner, **we** will be subrogated to all of the rights of the mortgagee under the mortgage. Or **we** may pay the whole mortgage debt including accrued interest in return for a full assignment and transfer of the mortgage and all other securities for that debt.

NO BENEFIT TO BAILEE

This insurance shall not directly or indirectly benefit

any carrier or other bailee.